

Supplementary Notes to the Rockwood Cottages Pro Forma dated 12/12/2012

1. Capital Improvement expenditures projected for year 1 (\$40,000) and year 2 (\$30,000) will be funded from reserve and non-reserve funds (owner).
2. Reducing debt service on City loan from 1 ½% to 0% will make \$10,077 per year available for operating costs and reserve funds.
3. By instituting # 1 and #2 above, cash flow to the project will increase to \$7,905.00 in year 1, \$9,149.00 in year 2 and as shown on Net Operating Income line from year 3 going forward.

Supplementary Notes to the Mutual Manor Pro Forma dated 12/12/2012

1. It is anticipated that Capital Improvement expenditures estimated for year 1 (\$40,000) and year 2 (\$40,000) will be funded with a grant of FY 13-14 General Funds designated for the preservation or creation of affordable rental housing.
2. This pro forma specifies a vacancy loss of 7% per annum, which has been historically high for this property that experiences a much lower actual vacancy rate. Positive cash flow can only be achieved by raising the rent limit to 50% for new tenants and gradually increasing rents for existing tenants, along with maintaining a lower than projected vacancy rate.